GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:999
ANSWERED ON:23.11.2007
CREDIT GUARANTEE FUND FOR EDUCATION LOAN
Jagannath Dr. M.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to set up `Credit Guarantee Fund` to instill confidence among bankers in extending education loans to economically backward students residing in rural and semi urban areas;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

Answer

The Minister of State in the Ministry of Finance(Shri Pawan Kumar Bansal)

(a),(b)&(c): The proposal was examined and it was felt that it would be appropriate for banks to do their due diligence on education loan applications ;snd pursue the recovery as per the repayment schedule of the loan given by the banks. This would also inculcate a credit culture among students seeking loians for education and would be a healthy trend in the long run.